




# SB 621 Implementation

Indian Gaming Revenues  
Special Distribution Fund  
March 22, 2004



# Background

## AB 1385 Enacted

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- Chaptered October 1999 as Govt. Code 12012.85
- Ratified Tribal State Gaming Compacts
  - Created Indian Gaming Special Distribution Fund (SDF)
  - Created Revenue Sharing Trust Fund (RSTF) for Non-Compact Tribes (up to 1.1.million/tribe/year)

# Compact Overview - SDF Funding Source

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- Only Tribes that operated gaming devices on September 1, 1999 (28 statewide; 3 in SD County) contribute to SDF
- SDF contribution is a percentage of the net win for current gaming machines multiplied by the number of gaming machines in operation on September 1, 1999
  - First 200 (0%), 201-500 (7%), 501-1000 (10%), Over 1000 (13%)

# Compact Overview - SDF Funding Use

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- Grants for programs to address gambling addiction
- Grants for the support of state and local government agencies impacted by tribal gaming
- Grants for State Agencies and DOJ to implement and administer tribal-state compacts

# Compact Overview - SDF Funding Use (Cont.)

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- Disbursements for the purpose of implementing the terms of tribal labor relations ordinances promulgated in accordance with the terms of tribal-state gaming compacts (Tribal Labor Panel)
- Any other purpose specified by law

# SB 621 Enacted

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- Chaptered October 2003 (Amends 12012.85 adds 12710 et. Seq.)
- Adds to Use of SDF Funds: Provides for payment of shortfalls in the Indian Gaming Revenue Sharing Trust (IGRST)
- States that payment of IGRST shortfall "shall be the priority use of SDF"

# SB 621 Overview - Order of Funding Priorities

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1. Coverage of any shortfalls that may occur in the RSTF
2. Appropriation to the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs for problem gambling prevention programs



# SB 621 Overview - Order of Funding Priorities (Cont.)

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3. Compensation for regulatory functions of the Division of Gambling control and the California Gambling Control Commission that directly relate to Indian gaming
4. An appropriation of \$25 million for the support of local government agencies impacted by tribal gaming



# SB 621 Overview – Funds for Local Governments

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- Establishes method of calculating distribution of appropriations for grants to local governments impacted by tribal gaming
- Specifies the State Department of Finance, in consultation with Gambling Control Commission, shall calculate total revenue available to local governments
- DOF shall include information in the May Budget Revision

# SB 621 Overview - State Tribal Accounts

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- Establishes “County Tribal Casino Account” in the State Treasury for each county that contains a tribal casino
- Monies paid by tribes of that county into the SDF, after deduction of amounts appropriated for higher priorities (listed on Slides 7 & 8), are available to distribute to “County Tribal Casino Accounts”

# SB 621 Overview - Allocation of SDF Funds

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- Available SDF Funds are Allocated to “County Tribal Casino Accounts” as follows:
  - 5% of total available to 8 counties that do not have gaming devices subject to an obligation to contribute to SDF
  - 95% of total available to 17 counties that have the 28 Tribes subject to an obligation to contribute to the SDF

# SB 621 Overview - Local Distribution of SDF

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- Requires Tribe sponsorship of grants
- Establishes Indian Gaming Local Community Benefit Committees (IGLCBC), with specified committee membership, to evaluate sponsored grants and recommend funding
- Establishes priorities for local grants

# SB 621 Overview - Local Distribution of SDF

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## Indian Gaming Community Benefit Committee

- Shall have 7 members as follow:
  - 2 County Reps - selected by the BOS
  - 3 Elected City Reps from Cities located within four miles of a tribal casino - selected by the BOS. In San Diego, City of El Cajon is only City within 4 miles of a casino (Sycuan)
  - 2 Tribal Reps - selected by the Tribe

# SB 621 Overview – Types of Grants

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- 60% of funds for “nexus grants” to eligible cities and counties impacted by tribes paying into SDF
- 20% for discretionary grants to jurisdictions impacted by tribes paying into SDF
  - Available to all local government jurisdictions w/o geographical nexus test shown on next slide
- 20% for discretionary grants to jurisdictions impacted by tribes not paying into the SDF
  - If N/A 20% may be made available to jurisdictions impacted by tribes paying into SDF



# SB 621 Overview - 4-Part Nexus Grant Test

- Based on geographical proximity to tribal lands upon which a tribal casino is located

- Determine relative priority for grants

1. local government jurisdiction borders tribal land on all sides
2. local government jurisdiction partially borders tribal land
3. Local government maintains highway, road, or other thoroughfare that is predominant access route to a casino located within four miles
4. All or a portion of local government jurisdiction is within four miles of casino



# SB 621 Overview - Nexus Grant Funds

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- 60% Nexus Grants divided as follows:
  - 50% awarded in equal proportion to local governments that meet all 4 of the nexus test criteria
  - 30% awarded in equal proportion to local governments that meet 3 criteria
  - 20% awarded in equal proportion to local governments that meet 2 criteria
- County of San Diego only eligible jurisdiction

# SB 621 Overview - Priorities & Prohibitions

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- Establishes priorities for use of local grant funds as follows
  - Law enforcement, fire services, emergency medical services, environmental impacts, water supplies, waste disposal, behavioral, health, planning and adjacent land uses, public health, roads, recreation and youth programs, child care programs
- Prohibits funding any grant that directly or indirectly supports any effort to oppose or challenge Indian Gaming

# SB 621 Overview - Additional Provisions

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- Indian Gaming Local Benefit Committee submits list of approved grants to State Controller who releases funds directly to grant recipient
- Funds that are not allocated by the end of each fiscal year revert back to SDF for redistribution statewide
- County administration reimbursement limited to 2% of total available for distribution in county tribal account

# Statewide Overview - Future of SDF Funding

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- SB 621 distributes \$25 million one-time
- No guarantee of future funding
  - Backfill of Revenue Sharing Trust Fund for Non-Compact tribes may consume all SDF contribution amounts
  - Newest compacts signed in October do not require tribes to contribute to SDF - have been touted as model for future compacts
- SB 621 sunsets January 1, 2009

# San Diego County SB 621 Implementation

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- One of 17 counties with tribes that contributed to SDF thus entitled to share in 95% allocation (\$23.75 mil)
- Formula for distribution of 95% is based on number of SDF paying machines
- Possible allocation to County based on 2,108 of total 12,041 SDF paying machines= \$4.1 million
- County of San Diego may receive \$2.49 million in nexus grant fund and may receive a share of discretionary grant funds

# State /San Diego County SB 621 Funding Flow

